

MARKET ANALYSIS FOR AFFORDABLE SINGLE FAMILY HOUSING

IN SAN ANTONIO'S INNER CITY

prepared for

San Antonio Housing Trust Foundation, Inc.

2515 Blanco Road
San Antonio, TX 78212
(210) 735-2772

sponsored by

**Broadway National Bank
Chase Bank of Texas, N.A.
Frost National Bank
USAA Federal Savings Bank
Wells Fargo Bank**

prepared by

SA Research Corporation
8301 Broadway, Suite 315
San Antonio, TX 78209
(210) 804-1919 FAX 804-1904
wdavis@sanewhomes.com or
wdavis@express-news.net

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KEY FINDINGS

This is a summary of the key findings of the report: "Market Analysis for Affordable Housing in San Antonio and Selected Areas." The analysis is focused on the "Inner City Market Area."

- Among the 60,086 renters and 14,122 target renter households within the Inner City Market Area in 1999, there is an estimated pool of 8,100 potential homebuyers from renters, if sufficient amounts of housing assistance were available.
- Within the Inner City Market Area, 42.3% of the *single family* housing stock was built before 1950; 79.9% of single family houses are valued below \$40,000, and 31.6% are valued below \$25,000.
- In 1999, the total number of housing units within the Inner City Market Area is 151,552, a net increase of 2,336 since 1990, 60% of units added inside Loop 410. Of this increase, 2,097 (89.8%) are single family, 175 (7.5%) are multifamily units and 64 are mobile homes.
- Seven not-for-profit organizations and public agencies have recently been directly involved in producing new single family housing, averaging 121 housing units annually from 1994 through mid-1999 using housing assistance.
- Market Demand homes priced under \$125,000 built by for-profit builders within the Inner City Market Area has averaged 222 new single family homes annually since 1994. By definition, these are homes built with little or no assistance.
- A total package of housing assistance could be up to \$40,000 for one household with HOME funds, relocation, lot price reduction, grant funds and MCC down payment assistance, leaving a mortgage of say, \$25,000.
- Market demand for all types of housing from new households in the Inner City Market Area is projected to average 1,188 housing units annually over the next five years. The number of new households added annually is projected to be double that.
- Inner City Market Area single family housing demand is projected to average 328 units annually and absorption of single family housing units with housing assistance will average 516 units annually, resulting in total demand/absorption averaging 844 units annually.
- In the big picture, more households can become homeowners if the amount of housing assistance to individual households is applied based upon household income and amount of mortgage for which a household can qualify. Placing limits on the amount of assistance each household might receive would increase the number of households placed in a new home.

DEMAND POTENTIAL FOR AFFORDABLE HOUSING

	Annual Avg 2000-2004	Five-yr Total 2000-2004
<u>New Households Added Annually</u>		
Bexar County New Households*	8951	44755
Single Family @ 77.8%*	6966	34830
<u>INNER CITY MARKET AREA</u>		
New Households Added	2377	11885
New Households into existing housing	1188	5940
Potential Single Family Households Added	1069	5345
SF Market Demand (no assistance)	328	1640
SF Assisted Housing Demand	516	2580
SF Market + Assisted Demand (households)	844	4220
Potential Affordable Homebuyers Added		
\$15,000 to \$34,999 w/propensity to own	736	3678
Potential Affordable Homebuyers Existing Pool		
Annual renters w/propensity to own	381	1906
Annual demand from Households Added		
+ "potential" demand from Existing Pool	1117	5584

Source: CACI/Information Decision Systems and SA Research Corporation

- Most households with income less than \$25,000 will not qualify for a new home mortgage without some type of housing assistance program. Because of credit and debt problems, only a small percentage of prospective homebuyers can qualify for a mortgage within six to twelve months following application.
- Few households below 65% of the AMFI will qualify for a new home (\$50,000 min) unless there is enough housing assistance to reduce the mortgage amount to well below \$20,000.
- With waiver of impact fees and implementation of Tax Increment Reinvestment Zones, lots can be delivered in subdivisions with all the necessary amenities for significantly less than \$10,000.
- Lower income families may qualify more easily for existing rehabilitated housing stock. This practice will reduce losses to housing stock through demolition and result in higher quality housing stock in the long run.
- Employer-assisted homebuyer programs can be an effective method of reaching families and providing leverage to the available housing assistance. These programs would include training and counseling similar to that provided to applicant households by the San Antonio Housing Trust as well as some level of *financial assistance*.
- Renter households are targeted in housing studies because they are the most likely to become new owners in the proposed housing. *Many renters that could qualify for housing assistance do not know that they are able to buy a home.*
- While some of the existing housing stock is not of good quality, most of it is and deserves to be rehabilitated rather than demolished. Some older houses are much better after rehabilitation than many of the new houses built for the affordable market.
- If the objective is to qualify a household at 50% to 65% of AMFI for a new single family home, *far more assistance* is required, and the amount of assistance might be as much as \$40,000 per household.
- Areas of Initial Focus for Affordable Housing. Summarizing the conclusions from the need, the potential for success and the potential ease of development for affordable housing, the West Side, East Side and South West sectors rank ahead of the other areas for initial focus of development and construction.
- Greatest Need. Based upon the number and percent of 1999 households in need *and* projected change in the number of households with incomes between \$15,000 and \$35,000, the areas of *greatest need* are the West Side, Central and East Side Sectors.
- Best Chance for Success. Based upon the amount of vacant available land and school district ranking, it appears that the West Side, East Side and South West Sectors would have the *best chance for successful development* of affordable housing
- Easiest to Develop. Based upon general application of criteria (political acceptance, location, compatibility, land price and availability, image of school district for marketing and minimum obstacles), the South West, West Side (selected areas) and South Side Sectors appear to be the *easiest to develop* for affordable housing.

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